

FISCAL NOTE

Bill #: HB0302

Title: Revise Microbusiness Development Act

Primary

Sponsor: Billie Krenzler

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:	\$0	\$0
Revenue:		
General Fund	(\$57,800)	(\$46,200)
State Special Revenue	\$57,800	\$46,200
Net Impact on General Fund Balance:	(\$57,800)	(\$46,200)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. The rate of interest earned on microbusiness development funds is estimated to be 6.8% for FY 2000 and 6.6% for FY 2001.
2. The balance of development loan funds held by the Board of Investments is estimated to be reduced from the current level of approximately \$1.1 million to \$850,000 for FY 2000 and \$700,000 for FY 2001. The reduction would be due to increased demand for additional loan funds by the certified MicroBusiness Development Corporations (MBDCs).
3. No additional expenditures will be incurred by the Department of Commerce other than those requested in the Executive Budget Request for the 2001 Biennium.

FISCAL IMPACT:

	FY2000 <u>Difference</u>	FY2001 <u>Difference</u>
<u>Revenues:</u>		
General Fund (01)	(\$57,800)	(\$46,200)
State Special Revenue (02)	\$57,800	\$46,200
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$57,800)	(\$46,200)
State Special Revenue (02)	\$57,800	\$46,200

LONG-RANGE IMPACTS:

HB302 would allow the department to adjust the interest rate paid on development loans by the MBDCs. Interest rate adjustments would allow the MBDCs to retain more of the interest that they earn on microloans for their own use or for additional microloans.